

Commissioners:

Matt Harold
Edwin Hodder
Ryan Lee
John Murray
Jack Reif
Dan Sagisser



Finance Commission Agenda

Tuesday, March 10, 2020
City Council Chambers
6: 30pm

Address:

2660 Civic Center Dr.
Roseville, MN 55113

Phone:

651 - 792 - 7002

Website:

www.cityofroseville.com

1. 6:30 P.M. Roll Call / Announcements
2. 6:31 P.M. Receive Public Comments
3. 6:35 P.M. Approve February 11, 2020 Meeting Minutes

Documents:

[MEETING MINUTES.PDF](#)

4. 6:40 P.M. Receive Finance Commission Tracking Report

Documents:

[TRACKING REPORT.PDF](#)

5. 6:45 P.M. Consider Selecting A Chair, Vice-Chair And Representative To The Ethics Commission

Documents:

[SELECTING CHAIR, VICE CHAIR AND ETHICS COMMISSION REPRESENTATIVE.PDF](#)

6. 7:00 P.M. Review 2019 Investment Portfolio Performance

Documents:

[INVESTMENT_PORTFOLIO_PERFORMANCE.PDF](#)

7. 7:15 P.M. Final Review Of Updated Investment Policy

Documents:

[FINAL UPDATED INVESMENT POLICY.PDF](#)

8. 7:30 P.M. Staff Update
9. 7:35 P.M. Identify Discussion Items For Future Meetings
10. 7:40 P.M. Adjourn

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: March 10, 2020
Re: Item #3: Approve the Minutes from the February 11, 2020 Meeting

Background

As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the February 11, 2020 meeting. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

Where applicable, Commission members are asked to identify any necessary corrections at the meeting. The Commission should subsequently vote to approve the amended (if necessary) minutes. Once the minutes are approved, they become part of the City's permanent records.

Staff Recommendation

Review the draft minutes.

Requested Commission Action

Amend (as necessary) and approve the Finance Commission meeting minutes for the February 11, 2020 meeting.

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: Draft Minutes from the February 11, 2020 Finance Commission Meeting

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

**Finance Commission
Meeting Minutes
DRAFT – February 11, 2020 - DRAFT**

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Hodder requested staff call the roll.

Commissioners Present: Matt Harold, Edwin Hodder, Ryan Lee, John Murray, and Dan Sagisser

Commissioners Absent: Wanda Davies, Jack Reif

Staff Present: City Manager Patrick Trudgeon

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Chair Hodder asked if there were any changes to the minutes.

Commissioner Murray stated line 79 should be changed to: “liked.” Line 93, he would remove the word “for” and insert “with all the”. Line 125 indicated he would insert after the word “thought”, the word “that”. Line 179 should be changed to “...effectively and from his...”. Line 180, change “have” to “has”. Line 212, after OVAL change “go” to “is going with the Legislature”. He also indicated he mentioned, in a tangent, on lines 245-248, the effect of property taxes and sales taxes and evaluations, etc. and there is no specific substantiation that nobody has ever done a study on that. He read that as sort of a theory, but no study has been done. The minutes are accurate of what was said but is not factual.

Commissioner Murray moved, seconded by Commissioner Harold to approve the January 14, 2020 meeting minutes as amended. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Harold updated the changes to the tracking report from January. He indicated since this is his second to last meeting someone else should consider taking ownership of the tracking report or discuss how it should be handled going forward.

47 Chair Hodder thought the nice thing about the tracking report is it helps the Commission
48 remember what has been done, what is pending and what needs to be completed. He thought it
49 was a very nice tool. He thought the other thing that Commissioner Harold was involved in was
50 a lot of the scenarios and will need to be thought about as well as far as who takes ownership of
51 scenarios.

52
53 Mr. Trudgeon indicated he was looking to bring forward to the Council for ratification on March
54 23rd, the two policies adopted in January.

55
56 **Receive City Communications Fund Update**

57 City Manager Patrick Trudgeon stated as part of the final approval of the 2020 City Budget, the
58 City Council cut \$45,000 from the Communications Division Budget due to concern about the
59 declining fund balance of the Communications Fund. All communication-related expenditures
60 are currently funded from the Communications Fund.

61
62 Mr. Trudgeon reviewed the staff report with the Commission.

63
64 Commissioner Harold asked if there are any other potential revenue streams that the city is
65 thinking about investigating to try to make up the declining franchise fees.

66
67 Mr. Trudgeon indicated nothing has come to mind to date for creating new fees. Space on the
68 water tower and other areas for cell towers and antenna are being leased out and that goes
69 towards the city's portion of IT services locally. No levy dollars are being used for the city's IT
70 services and support. There are levy dollars that are used for Capital Expenditures. The 5G
71 network could impact the leases as the technology changes. More spots will be needed to put
72 transmitters and receivers with 5G. The only other option is through other franchise fees for
73 other utilities, not related to communications. It is a charge back to the customer that uses it.

74
75 Commissioner Murray asked if other options were looked at such as lower the cost to create the
76 newsletter.

77
78 Mr. Trudgeon explained there are a lot of options that could be looked at. There is not a local
79 newspaper anymore, so a newsletter is needed and the residents like it.

80
81 Chair Hodder asked if a local sales tax could be considered.

82
83 Mr. Trudgeon indicated it was talked about briefly, but nothing is planned in the current
84 Legislative session. He thought the Council was interested in discussing it further.

85
86 **Discuss City Facility Study**

87 City Manager Patrick Trudgeon stated the City Council authorized sending out a Request for
88 Proposals (RFP) in 2019 to hire a firm to develop a master plan for the City's Civic Campus.
89 The City Council has authorized the hiring of BKV Group to develop the master plan for the
90 campus. He indicated BKV will be at the February 10th City Council meeting to review the
91 schedule for its work and public engagement efforts.

92
93 Commissioner Murray asked which building in the information is being referred to when it says,
94 “the building is about 25 years old”.

95
96 Mr. Trudgeon indicated it is referring to the Lexington Shoppes.

97
98 Commissioner Murray asked what the broad estimate would be on cost for this.

99
100 Mr. Trudgeon indicated he could not give a broad estimate because it all depends on what the
101 final recommendations are. He thought one of the more expensive options would be if the city
102 were to move the maintenance facility off-site which would require to be purchased for a new
103 building so that cost could easily reach ten million dollars. The rest depends on what the city
104 decides to do with the land surrounding the current city campus.

105
106 **Receive City Development Update**

107 City Manager Patrick Trudgeon stated the Community Development Department reviews and
108 makes recommendations regarding development proposals and inspects and issue permits for all
109 new and remodeled buildings in Roseville. 2019 was an extremely busy year for the department
110 as there was a tremendous amount of development that occurred in Roseville.

111
112 Mr. Trudgeon reviewed the 2019 development year in Roseville.

113
114 Commissioner Harold asked if \$210,000 million in 2019 reflected in the last levy cycle or would
115 that development be reflected in the 2021 budget.

116
117 Mr. Trudgeon believed it is the assessed value in January so will start to be captured in 2020 for
118 taxes paid in 2021. To be careful of that number, that is the value assigned through a formula of
119 the State Building Code. What the actual County Assessor does might be something different.

120
121 Commissioner Murray noticed Roseville High School did a couple of things and also the
122 Lutheran Church and he wondered if the city charged the non-profits and other governments the
123 same for fees.

124
125 Mr. Trudgeon indicated the fees were the same.

126
127 Commissioner Murray noted the Rental License Program has been moved to the Fire Department
128 and wondered if that could be done or is it restricted.

129
130 Mr. Trudgeon explained the Fire Department is providing the service directly and does all of the
131 inspections. It was originally done through the Building Department and its inspectors, but the
132 Building Department has become too busy, so the Fire Department was willing to take it over.

133
134 Chair Hodder indicated he heard about Macy closing stores and wondered if that impacted
135 Rosedale.

136

137 Mr. Trudgeon indicated he did not know but thought Macy's and J.C. Penny in Roseville was
138 pretty strong. He noted there is massive remodeling being done at Macy's right now.

139

140 **Identify Discussion Items for the Future Meeting**

141 City Manager Patrick Trudgeon stated the next agenda would include discussions on the 2019
142 Investment Portfolio performance review and discussion regarding selecting the Chair, Vice-
143 Chair and Ethics Commissions Representative because Chair Hodder and Vice Chair Harold will
144 be leaving in April and new Commissioners will be appointed. He indicated the city has hired a
145 new Finance Director, Michelle Pietrick and she will start on February 18th. He would like to
146 introduce her to the Commission before the March meeting. He noted he will not be at the
147 March 10th meeting because he will be out of town.

148

149 Commissioner Sagisser wondered if the Commission meeting could be moved to the first
150 Tuesday in March to accommodate Mr. Trudgeon.

151

152 Mr. Trudgeon indicated it could not because there are other meetings scheduled that night.

153

154 Commissioner Murray asked how many applicants there are for the open Commission spots.

155

156 Mr. Trudgeon explained the city is currently taking applications so if anyone knows any resident
157 who is interested then please have them apply.

158

159 **Adjourn**

160

161 Commissioner Harold made a motion, seconded by Commissioner Sagisser to adjourn. The
162 **motion passed unanimously.**

163

164 Meeting adjourned at 7:28 p.m.

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: March 10, 2020
Re: Item #4: Review Finance Commission Recommendations: Tracking Report

Background

A summary of the Finance Commission's recent recommendations submitted to the City Council is included in *Attachment A* for review.

Staff Recommendation

Not applicable.

Requested Commission Action

For review and discussion purposes only. No formal Commission action is necessary.

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: Tracking Report

**Roseville Finance Commission
Recommendation Tracking Tool**

No.	Recommendation	Date Recommended	Date Presented	Status	Discussion and Next Steps
2018-5	Cash Reserve Fund - Split CIP	10/9/2018	3/18/2019	Accepted	Staff to investigate creation of separate CIP funds before books are closed for 2018. Will present to Council early next year.
2019-1	Capital Investment Policy	3/12/2019	3/25/2019 5/6/2019	Accepted	Presented latest recommendation to Council. Council seemed to all support the proposal and suggested a few changes to wording. Also suggested creating templates for the fiscal note and look back.
2019-2	Park & Recreation Operating Fund Cash Reserve Level	5/14/2019	9/16/2019	Received	Council awaiting discussion from Parks and Rec Commission before making a final decision.
2019-3	Use of Cash Reserve Fund	5/14/2019	9/16/2019	Received - Further Development	Council would like Commission to write language for how the "sweep" mechanism is done into the policy. See Recommendation 2020-2
2019-4	Alternative Investment Options	6/11/2019	9/16/2019	Received - Further Development	Council proposes the Commission develop a potential policy to bring back to the Council, including what funds and how this issue should be managed. See Recommendation 2020-1
2019-5	Use of Cash Reserve Fund for EAB	9/10/2019	9/16/2019	Received	Council awaiting discussion from Parks and Rec Commission before making a final decision.
2020-1	Investment Policy Language	1/14/2020		Pending	
2020-2	Cash Reserve Policy Language	1/14/2020		Pending	

Roseville Finance Commission Recommendation Tracking Tool

No.	Recommendation	Description
2018-5	Cash Reserve Fund - Split CIP	Sub-recommendation to Recommendation 2018-2. Recommend separating all CIP spending out of operating funds and into separate CIP funds.
2019-1	Capital Investment Policy	Recommended modifying the Capital Investment Policy to include procedures regarding large capital investments (>\$500k) that creates standard supporting documentation and a feature to review previous purchases.
2019-2	Park & Recreation Operating Fund Cash Reserve Level	Approved revised Cash Reserve target range of 15-25% (from a fixed 25%) by Commission on 5/14/2019. Council Recommendation Pending
2019-3	Use of Cash Reserve Fund	No changes recommended pending further direction (if applicable). Continue to use Existing Cash Reserve Policy language.
2019-4	Alternative Investment Options	Approved recommendation for the Council to consider alternative investment options approved by the 2017 Legislature. Council Recommendation Pending
2019-3	Use of Cash Reserve Fund	No changes recommended pending further direction (if applicable). Continue to use Existing Cash Reserve Policy language.
2019-4	Alternative Investment Options	Approved recommendation for the Council to consider alternative investment options approved by the 2017 Legislature. Council Recommendation Pending
2019-5	Use of Cash Reserve Fund for EAB	Recommend not to use Cash Reserve Fund for Emerald Ash Borer program.
2020-1	Investment Policy	Recommended changes to the City Investment Policy to allow for investment into low fee mutual/index funds.
2020-2	Cash Reserve Policy	Recommended changes to the City Cash Reserve Policy to reflect previous recommendations regarding the use of the Cash Reserve Fund.

Roseville Finance Commission Recommendation Tracking Tool

Status	Definition
Pending	Recommendation has not yet been presented to the City Council
Received	Recommendation has been received by the City Council but has not received a formal reply or action
Accepted	Recommendation has been accepted by the City Council but action has not yet been taken
Rejected	Recommendation has been rejected by the City Council and will not move further
Implemented	Recommendation has been accepted by the City Council and action has been implemented
Rescinded	Recommendation has been rescinded by the Finance Commission
Received - Closed	Recommendation has been received by the City Council but has not received a formal reply or action and will be considered closed from future updates tracking.
Received - Further Development	Recommendation has been received by the City Council and returned to the Commission for modifications or further development.

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: March 10, 2020
Re: Item #5: Consider Selecting a Commission Chair, Vice-Chair, and a Representative to serve on the City's Ethics Commission as needed.

Background

City Code Chapter 201.06 requires the Finance Commission to annually select a Chair, Vice-Chair to perform on-going duties; and a representative to serve on the City's Ethics Commission as needed. The Chair and Vice-Chair positions carry the same decision-making privileges as all other members, but they do have some additional administrative duties.

The Chair position is expected to run the Commission meetings. This includes recognizing members before they speak, ensuring the discussions stay on task and are conducted in a timely fashion, and allowing the public an appropriate amount of time to participate. The Vice-Chair assumes all duties of the Chair in their absence. The current appointments are as follows:

- Chair: Edwin Hodder
- Vice-Chair: Matt Harold
- Representative to Ethics Commission: John Murray

It should be noted that there are no limits when it comes to the length of service members can serve in these capacities. Advisory Commission Chairs, Vice-Chairs, and Ethics Commission Representatives often remain in their roles for more than one year to preserve continuity from one year to the next. However, the Commission may also find value in working within varying leadership styles and approaches over time.

Staff Recommendation

By separate motions, Staff recommends the Commission select a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2020 through March 31, 2021.

Requested Commission Action

Motion to approve a Chair, Vice-Chair, and representative to the Ethics Commission for the period April 1, 2020 through March 31, 2021.

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: N/A

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: March 10, 2020
Re: Item #6: Review 2019 Investment Portfolio Performance

Background

The City’s Investment Policy is rooted in industry best practices and has been modified to accommodate the limited resources available to manage the City’s investment portfolio. This limitation necessitates the use of relatively simple investment strategies that require only a nominal amount of time.

These limitations, accompanied by statutory restrictions on the types of investments we can participate in, will constrain the portfolio’s investment performance. As a result, the Policy calls for the portfolio’s investment performance to equate to, at a minimum, the U.S. Government Bond (Treasuries) Yield for the comparable investment period. In other words, if our general investment horizon is five years, then our portfolio yield should be equal to or greater than the five-year Treasury rate over the long term.

The following table depicts the City’s investment portfolio performance over the past seven years:

City of Roseville Investment Portfolio Performance						
		Average		Var. + / -		Var. + / -
	Portfolio	Portfolio	10-Year	10-Year	5-Year	5-Year
<u>Year</u>	<u>Earnings</u>	<u>Term (yrs.)</u>	<u>Treasury</u>	<u>Treasury</u>	<u>Treasury</u>	<u>Treasury</u>
2013	3.30%	12.4	3.00%	0.30%	1.74%	1.56%
2014	3.43%	11.0	2.11%	1.32%	1.61%	1.81%
2015	2.88%	9.8	2.27%	0.61%	1.76%	1.12%
2016	2.61%	9.8	2.45%	0.17%	1.93%	0.68%
2017	2.69%	10.5	2.41%	0.28%	2.21%	0.48%
2018	2.93%	11.8	2.68%	0.25%	2.51%	0.42%
2019	2.74%	10.8	1.92%	0.82%	1.69%	1.05%
Note: As measured on December 31st						

Currently, the City’s investment portfolio (excluding monies set aside for short-term cash flow needs) has an average term of 10.8 years earning 2.74%. This is 0.82% or 82 basis points *higher* than the 10-year portfolio target. As a reminder, this represents a snapshot-in-time as measured on 12/31/19.

The City’s investment portfolio performance relative to the benchmark can vary from year to year in conjunction with changing economic factors including interest rate changes. It will also fluctuate as the makeup of the portfolio itself changes.

Staff Recommendation

Not applicable.

Requested Commission Action

For information purposes only. No formal Commission action is required.

Prepared by: Michelle Pietrick, Finance Director
Attachments: NA

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: March 10, 2020
Re: Item #7: Final review of updated City Investment Policy

Background

At the October 8, 2019 Finance Commission meeting, the Commission discussed amending the City's Investment Policy to allow for a portion of the City's investment to be in equities. At the November 12, 2019 reviewed amendments to the Investment Policy and felt that it properly addressed the City ability to invest in equities, but the Commission wanted to take some more time to review that policy before making a recommendation the City Council. At the January 14, 2020 the Commission voted to approve the draft policy.

Based on further review of the statute and the current market environment, the policy has been updated to include State and Local government securities and Certificates of Deposit. The policy is also striking the paragraph on investments related to the 2011 and 2012 bonds as those bond proceeds have been fully expended. Final amendments were made to the equity investment section to reflect that Minnesota State Board of Investments are handled through PERA and one sentence was moved.

The proposed final amendments to the City's Investment Policy is attached as Attachment A, noted with the blue text color.

Prepared by: Michelle Pietrick, Finance Director

Attachments: A: Amended Investment Policy to allow for the City to invest in State and Local government securities and Certificates of Deposit.

Investment Policy

Revised April 10, 2017

Purpose

The purpose of the Investment Policy is to ensure the most efficient use of the City's idle funds, and to ensure the best return on these funds while making only those investments allowed by law.

Policy

- The City will make a cash flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to ensure maximum cash availability.
- When permitted by law, the City will pool cash from several different funds for investment purposes.
- The City will invest 99 percent of its idle cash on a continual basis.
- The City will obtain the best possible return on all cash investments. Such investments will only be those legally permissible under Minnesota law.
- The accounting system will provide regular information concerning cash position and investment performance.
- The City will make arrangements for banking services on a contractual basis for a specified period of three years, with specified fees for each service rendered.
- The City includes interest earnings and investment summaries as part of the Comprehensive Annual Financial Report (CAFR).

Implementation

See Investment and Portfolio procedures.

Investment and Portfolio Procedures

Scope

These investment and portfolio procedures apply to the activities of the City with regard to investing the financial assets of all funds, including the following:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Debt Service Funds
- Special Service Funds
- Internal Service Funds
- Trust and Agency Funds

Objectives

Funds of the City will be invested in accordance with Minnesota Statutes, Council-approved fiscal policies and these administrative procedures. The City's investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio.

Investment Policy

Revised April 10, 2017

The market rate of return shall be to the same rate as the target portfolio. Investments shall be made based on statutory and policy constraints. Funds held for future capital projects (i.e. bond proceeds) shall be invested to produce enough income to offset increases in construction costs due to inflation. Where possible, prepayment funds for long-term debt service shall be invested to ensure a rate of return at least equal to the interest being paid on the bonds.

Delegation of Authority

The Finance Director is designated as investment officer of the City and is responsible for investment decisions and activities, under the direction of the City Manager.

Prudence

The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule. This rule states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

Monitoring and Adjusting the Portfolio

The investment officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly.

Internal Controls

The Finance Director shall establish a system of internal controls, which shall be reviewed annually by an independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. Investments shall be done on a pooled funds basis with interest allocated on a cash balance method. Those internal controls shall consist of competitive bids on investments, and division of duties among the staff including:

- Investments made by the investment officer
- Records maintenance by a finance staff member other than the investment officer
- Review and reconciliation by the assistant finance director

Portfolio Management

Under the Council-adopted Fiscal Policies, it shall be the City's procedure to restrict investments to only Repurchase Agreements with national or state chartered banks, U.S. Treasury and U.S. Government Agencies, Guaranteed Investment Contracts, Bankers Acceptances, State and Local government securities and Certificates of Deposit. All investments shall carry a minimum credit rating of 'AA'. So

Investment Policy

Revised April 10, 2017

long as the City is a “qualifying government” pursuant to Minnesota Statute 118A, it will have additional investment authority per this policy and Minnesota Statute. See Equity Investments.

~~An exception to these restrictions is permitted with regard to the investment of proceeds received from the 2011 and 2012 bonds due to extenuating economic circumstances and their effect on financial institutions. Repurchase Agreements associated with the bonds can be placed with any bank, bank holding company, savings and loan association, trust company or other financial institution including the trustee or any of its affiliates. The financial institution shall carry a credit rating of ‘A’ or better, and is required to pledge collateral from national or state chartered banks.~~

The procedures shall consist of yield curve analysis and implemented with the appropriate purchase of the above investments.

Maturity scheduling shall be within those investments and in a manner that will maximize yield and liquidity and minimize interest rate risk.

Competitive Selection of Investment Instruments

Before the City invests any surplus funds, a competitive "bid" process shall be conducted. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments that meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous. Bids will be requested from financial institutions for various options with regards to term and instrument. The City will accept the bid that provides the highest rate of return within the maturity required and within the parameters of these procedures.

Bids for purchases through the treasury auctions are not required.

Records will be kept of the bids offered, the bids accepted and a brief explanation of the decision that was made regarding the investment.

Settlement

All settlements of investments shall be on a "Delivery vs. Payment" (DVP) basis. Physical delivery shall be avoided if at all possible, with book entry being the preferred method of safekeeping.

Safekeeping and Collateralization

All investment securities purchased by the City shall be held in third-party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information.

Equity Investments

As long as the City is a qualifying government, it may invest up to 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments in:

Investment Policy

Revised April 10, 2017

- An index mutual fund based in the United States and indexed to a broad market United States equity index; or
- With the Minnesota State Board of Investment subject to such terms and minimum amounts as may be adopted by the board. These investments are handled through PERA.
- Investment in an index fund shall be a broadly based mutual fund. The index fund shall have fees of no more than 1% per year of invested assets, and no more than 15% turnover per year. Index mutual fund investments must be made directly with the main sales office of the fund. Once the amount invested reaches 15% of the sum of unassigned cash, cash equivalents, deposits, and investments, no further funds may be invested in equities. However the Finance Director is authorized to manage the funds previously invested in equities even if the total exceeds the investment parameter limitation.

Before investing pursuant to this section, the governing body of the qualifying government must adopt a resolution that includes the following statements:

- The governing body understands that investments have a risk of loss
- The governing body understands the type of funds that are being invested and the specific investment itself
- The governing body certifies that all funds designated for investment through the State Board of Investment meet the requirements of this section and the policies and procedures established by the State Board of Investment.

Investments shall be done by the finance director. The city manager is to be kept currently informed of investment activities.

Reporting Requirements

The investment officer shall generate daily and monthly reports for management purposes. The annual investment report shall be completed on a time weighted basis and shall be included as part of the Comprehensive Annual Financial Report to the City Council. The target portfolio shall be the U.S. Government Bond Yield Index for the comparable period.